

The President's Daily Brief

January 7, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

January 7, 1974

PRINCIPAL DEVELOPMENTS

The Israelis remain publicly cautious on the withdrawal issue; the Egyptian press, meanwhile, is apprehensive that successful disengagement would end Israeli concessions. The Jordanians are feeling increasingly isolated from their Arab neighbors.
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Egyptian Foreign Minister Fahmi will visit Moscow this week, partly to size up the extent of Soviet support for Cairo's negotiating aims.

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The Egyptian interior minister has privately stated that the oil boycott will be lifted late this month when disengagement of Egyptian and Israeli forces begins. *(Page 5)*

In Cambodia, Communist forces have attacked government positions within four miles of Phnom Penh's airport; government forces have cleared Route 4 to the sea for the first time in nearly two months.
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Notes on Tanaka's trip to Southeast Asia and on China's economy appear on *Page 7*.

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ARAB STATES - ISRAEL

Defense Minister Dayan's public remarks on his return to Israel yesterday were guarded, indicating that he had reached an "understanding," but not "full agreement," with US officials. He also noted his uncertainty about whether proposals discussed in Washington will be accepted by his government.

Dayan's cautious approach was probably deliberate in order to avoid giving the impression that Tel Aviv is bowing to US pressures on disengagement. Leading Israeli newspapers yesterday criticized the government for making concessions "first for the Americans and then for the Egyptians."

Following Dayan's report to the cabinet, government officials told the press that the Israeli negotiators in Geneva have been instructed to submit new disengagement proposals. Such proposals may, however, be fairly general, as cabinet action on "more detailed and definite" proposals is expected later this week.

Nearly complete election returns announced yesterday, based on a late count of the military vote, indicate a conservative trend among the military that could further inhibit the government on the withdrawal issue. After Dayan's report to the cabinet, Deputy Prime Minister Alon issued only a guarded statement on withdrawal.

Israeli Foreign Minister Eban believes that the present government coalition can be reconstructed with a parliamentary majority permitting territorial concessions, but he has told Ambassador Keating that Israel cannot conclude a disengagement agreement until a new government is in place to ratify it. He foresees a month of political maneuvering before the new government can be formed.

On longer range issues, Eban indicated that Israel would demand "complete peace"--one including diplomatic recognition by the Arabs--to avoid meeting Arab demands for a "complete withdrawal." Arab reservations about a "complete peace," he said, would serve to justify Israel's reservations about a total withdrawal.

The Egyptians apparently anticipate an agreement on disengagement in the near future. Cairo editorialists have begun to shift their focus from criticism of Israeli procrastination to apprehensive commentary on the possibility that successful disengagement could mean the end of Israeli concessions.

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Jordan is increasingly feeling isolated from its Arab neighbors as negotiations proceed. Amman's relations with Egypt have been steadily cooling since the Geneva conference began, and [Redacted]

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[Redacted] the two delegations were in constant disagreement during the opening phase of the conference. Traditional Jordanian fears that Egypt will sell Jordan short in order to obtain a settlement in Sinai have been intensified. Indeed, a UN diplomat in Geneva who talked to Egyptian Foreign Minister Fahmi in late December has indicated that this may be Cairo's intent.

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Fahmi reportedly said that, while Egypt would not agree to a final settlement to which Syria was not also a party, Jordan is another matter. The diplomat gained the impression that Egypt is waiting for a crystallization of the Palestinian participation issue before determining its policy toward Jordan on settlement questions.

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Amman apparently is not having an easy time with Syria or Saudi Arabia either. President Asad is reported to have reacted angrily to the withdrawal last week of Jordanian troops from Syria. The US Embassy in Amman has indicated that relations are at best characterized by mutual distrust. Amman is also chagrined by Saudi Arabia's support for Palestine Liberation Organization participation in the Geneva conference. Other recent developments have indicated to the Jordanians a clear Saudi tendency to support Cairo's policies to the detriment of Amman.

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Conflicting loyalties among the military in Syria have prevented the initiation of hostilities

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EGYPT-USSR

A Soviet official in Cairo has confirmed that Egyptian Foreign Minister Fahmi will visit Moscow this week. In a conversation with a US diplomat on January 4, Deputy Tass Director Yedrashnikov said he did not know the entire purpose of Fahmi's trip. Yedrashnikov suggested that, among other things, the Egyptian Foreign Minister would make a plea for more technical and military assistance. Fahmi may do this, but he will probably be even more interested in sizing up the extent of Soviet support for Cairo's negotiating aims.

In Egypt's view, Washington is better able than Moscow to help the Egyptians achieve a satisfactory peace settlement. Nonetheless, Egyptian dependence on Soviet military aid and, in lesser degree, political support dictates that Cairo keep its ties to the USSR in good repair.

The Soviets will expect a thorough account of Cairo's negotiating plan. Yedrashnikov's remarks pointed to one area of serious concern. The Soviet official was especially interested in how the second phase of Israeli withdrawal in the Sinai would be achieved. He expressed concern that after the initial pullback of forces from the canal, the Egyptians will have little leverage to bring about further Israeli withdrawals.

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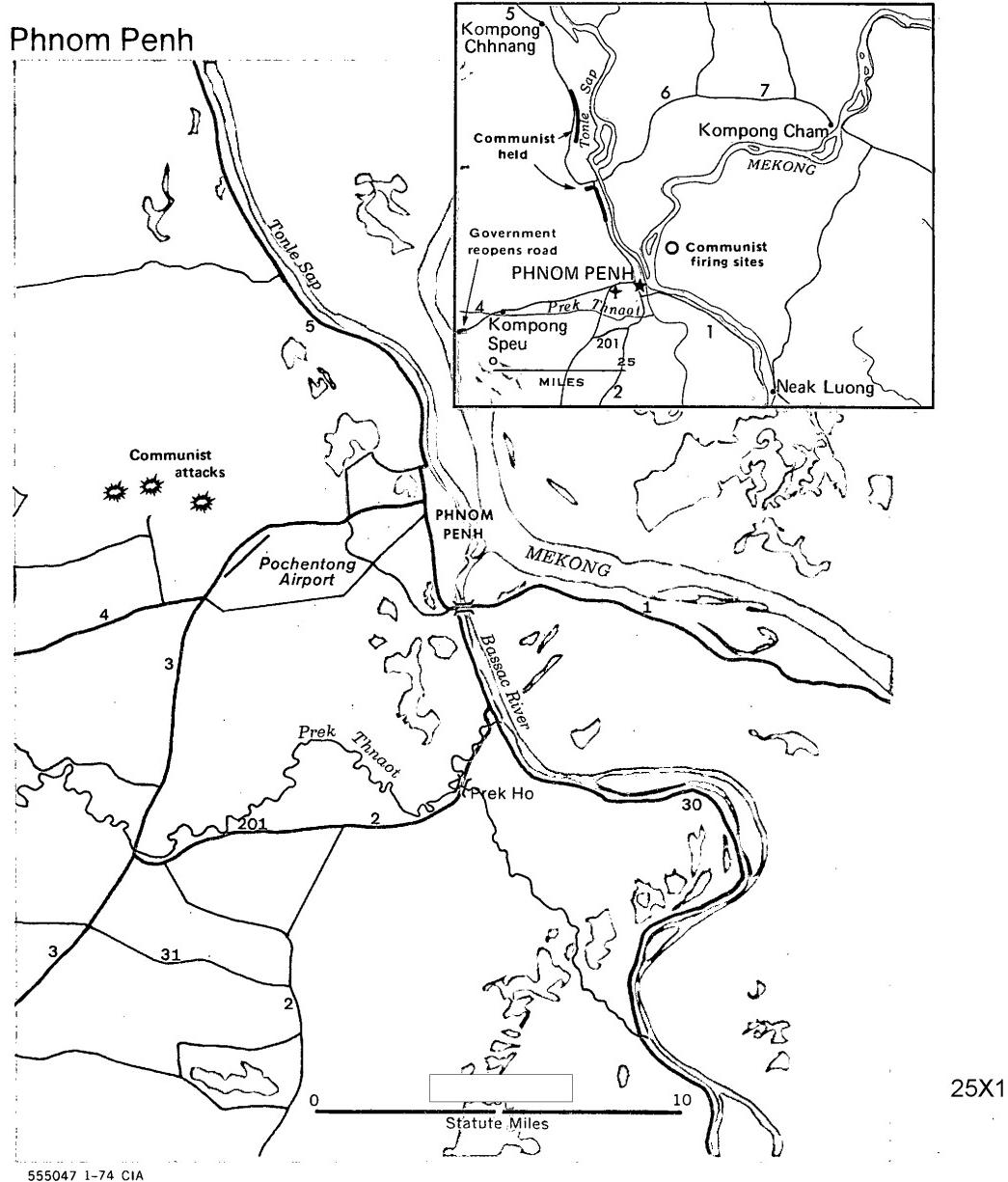
ARAB STATES - OIL

Egyptian Interior Minister Salim has told his subordinates that the oil boycott against the US will be lifted when the disengagement of Egyptian and Israeli forces begins, according to a source of the US Interests Section. In briefing department heads on January 4 following his return from consultations with President Sadat in Aswan, Salim predicted that disengagement would occur at the end of January.

Although there is no confirmation that the oil-producing states have decided on this relaxation, a further softening of the Arab position seems quite possible. Saudi Arabia has already relaxed its initial position that the boycott could not be lifted until the conclusion of a final peace settlement. Now it may have been persuaded, possibly with Egyptian prodding, that progress on disengagement would be sufficient cause for lifting, or at least easing, the boycott. There have been no indications that Sadat and King Faysal have recently been in direct contact

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CAMBODIA

Khmer Communist forces attacked several government positions within four miles of Phnom Penh's airport over the weekend. The attacks have diverted government troops from clearing operations near Route 5 north of the capital. Intercepts during the past week have indicated preparations for large-scale attacks against Phnom Penh's northwestern defenses.

On the east bank of the Mekong just upstream from Phnom Penh, the Communists continue to shell and probe government positions. Intercepts indicate that the Communists are moving additional heavy fire-power into positions from which they launched rocket and artillery attacks against Phnom Penh last week. Such shellings are likely to remain sporadic, however, because the gun crews would otherwise be more vulnerable to air strikes and counterfire.

Southwest of the capital, government forces have reopened Route 4, Phnom Penh's lifeline to Kompong Som on the coast. Communist resistance was light. The highway had been interdicted for nearly two months. Major repairs may be necessary, however, before resupply convoys can safely resume using the road.

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NOTES

Japan: Prime Minister Tanaka begins a ten-day good-will mission to the Philippines, Thailand, Singapore, Indonesia, and Malaysia today. His main purpose will be to counter criticism, especially in Thailand and Indonesia, that Japanese economic activity is of little local benefit. Although Japanese exports, investment, and economic assistance will be trimmed in the near future, Foreign Ministry officials hope that by strengthening political links Tanaka will indirectly improve Tokyo's long-term access to the region's resources, markets, and investment opportunities.

China: The economy apparently grew at a moderate rate last year. Agriculture clearly improved over 1972 when poor weather hurt grain and cotton crops; People's Daily has reported record crops for 1973. Piecemeal evidence suggests that industrial production increased by about 8 percent, the same rate as in 1972. Imports grew much more rapidly than exports, resulting in a deficit of some \$500 million with hard currency countries.

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